

2008-2009 PERFORMANCE PLAN – Portfolio Manager, External Equity (D. Hayamizu)

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Quantitative Performance Measures

Weight	Factor	Performance Measure	Incentive Schedule
15%	Global Equity Performance	Excess return deviation in basis points relative to: Global Equity Performance Benchmark. {GLOBLIC – CPERSGE2}	-50 basis points = 0 -10 basis points = 1.0 +15 basis points = 1.5
20%	Risk Managed Absolute Return Strategies Program	Excess return deviation in basis points relative to: Program policy. {SNLCA1 – CPERHEDG2}.	0 basis points = 0 +50 basis points = 1.0 +100 basis points = 1.5
20%	Domestic External Equity Performance	Excess return in basis points relative to: Customized benchmark created from investment weighted-indices. {SNDCA1 – CPERSND2}	0 basis points = 0 + 50 basis points = 1.0 +100 basis points = 1.5
10%	Emerging Markets External Equity Performance	Excess return in basis points relative to: CalPERS FTSE All Emerging Index. {SWYCA1 – QQ72}	0 basis points = 0 +50 basis points = 1.0 +100 basis points = 1.5
10%	International External Equity Performance	Excess return in basis points relative to: Customized benchmark created from investment weighted-indices. {SHOCA1 – CPERSHO2}	0 basis points = 0 +50 basis points = 1.0 +100 basis points = 1.5
75%	Subtotal	Quantitative Measures	

Qualitative Performance Measures

Weight	Factor	Performance Measure	Incentive Schedule
10%	External Equity Program	Enact a combined risk management approach and platform for the External Equity & RMARS managers by June 30, 2009.	From Schedule

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Qualitative Performance Measures (cont.)

Weight	Factor	Performance Measure	Incentive Schedule
15%	Leadership	<p>Demonstrate a commitment to leadership and ongoing communication within the Investment Office and in the external investment community as follows:</p> <ul style="list-style-type: none"> • Employee Performance and Development – By 6/30/09 ensure 90% completion rate for annual performance appraisals and employee development plans’. • Employee Mentoring and Recognition – By 6/30/09, take proactive steps to coach and mentor employees, provide succession planning, and acknowledge staff (e.g. through activities such as providing training and development opportunities, holding recognition events, and effectuating the transfer of knowledge) • 360 Feedback Process <ul style="list-style-type: none"> ▪ By 12/1/08 begin the individual 360 feedback survey assessment process. ▪ By 2/1/09 identify one to two areas of personal development. ▪ By 6/30/09, participate in all personal coaching sessions provided and complete the development opportunity identified. • Investment Office Strategic Initiatives and Cultural Alignment – Ensure the successful implementation of the strategy and cultural alignment efforts by completing the following: <ul style="list-style-type: none"> ▪ By 9/30/08, identify from our cultural profile an area in which we need to improve our culture and implement an improvement in my area by 3/30/09. ▪ By 12/31/08, participate in a cultural reinforcement session with the Investment Office. ▪ By 6/30/09, participate in the implementation of at least one Investment Office strategic initiative. ▪ By 6/30/09, contribute to healthy dynamics and cultural alignment in the Investment Office (e.g. by demonstrating productive participation in meetings, communicating across asset classes, and clearly setting and communicating priorities) • External Investment Community – By 6/30/09, represent CalPERS in the external investment community through a meaningful and substantive engagement as follows: <ul style="list-style-type: none"> ▪ Serve on at least one external board or committee; or ▪ Conduct at least one presentation at conference or similar event; or ▪ Write an article. 	From Schedule
25%	Subtotal	Qualitative Measures	
100%	Total	Quantitative and Qualitative Measures	